

*The*

**"Save The Country"**

**RACKET**

*By*

**JOHN L. SPIVAK**

*Author of Pattern for American Fascism, Secret Armies, etc.*

**25¢**



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"SAVE THE COUNTRY"  
*Racket*

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## PREFACE

IN PERIODS OF NATIONAL CRISIS organizations have come into being which offer solutions to the national problems. Without going too far back in American history, the reader will easily recollect such influential ones as the American Liberty League, America First, National Union for Social Justice, ad infinitum. Such organizations flood the country with a deluge of propaganda and often secure a large following.

In every case when such organizations appeared, the announced purpose was "pure patriotism" and the objective that of benefiting all the American people. In most instances the people had no idea of who was really behind this yen to "save the country" and who was footing the bills for the propaganda barrage which served to confuse the citizens on the basic issues confronting them. When, after a considerable lapse of time, the facts finally became known and the people realized that behind "patriotic" outcries were big money boys seeking to put across policies they wanted, or individuals with personal ambitions for power, it was a little too late to do anything about it. The damage had been done.

With the end of the war a period of crisis in both international relations, due to peace negotiations, and internal affairs, due to a resumption of the struggle between employer and trade unions, could be foreseen by any student of current affairs. It was virtually inevitable that another organization would come into being with a solution for pressing problems. Such a body did come into being and promptly achieved considerable political influence to the extent of electing a number of Congressmen, most of whose own constituents had no idea that the elections were helped, if not directed, by the "crisis-organizations."

A study of this new organization is instructive in showing how the "patriots" use patriotism to enrich themselves while



they rain noble "patriotic" sentiments upon the befuddled citizens; how the big money boys put up the cash for the propaganda issued by the "save-the-country" body; how decisions are made in secret conferences and these conferences kept hidden from the people whose patriotic support they seek.

On the current scene this "crisis-organization" is American Action, Inc. In the following pages is told the story of how it came into being and of its activities in influencing the American people. It is an instructive lesson to the people on how they can be taken, as they have been taken over and over again in the past; and perhaps it will serve the added purpose of an historical reminder when new and other "patriotic" movements spring up in future periods of stress.

J. L. S.



## I. A "PATRIOTIC" BODY IS CONCEIVED

SINCE THE AVERAGE American is justly proud of his country and its relatively high standard of living he is easily susceptible to propaganda against persons accused of trying "to change the American way of life." When he is told—as he is especially being told in political campaigns—that a progressive, pro-labor candidate is either a "Red" or "follows the Moscow line which plans to change our way of life," he shies away and votes for the candidate preferred by those who are putting up the money for this propaganda barrage.

The average citizen does not even suspect that behind these allegations, accusations and pleas to elect "good Americans" and thus "save the country from the Reds" is a carefully conceived plan well financed by anti-union industrialists for the specific purpose of defeating pro-labor candidates.

This same technique of appealing to patriotism "to save the country from the Reds" was used by both Hitler and Mussolini to win large numbers of Germans and Italians in the plan to establish fascism in those countries. The German and Italian peoples did not know or suspect that both Hitler and Mussolini were financed by the big industrialists of their countries. Neither do the American people know or suspect that similar appeals to patriotism uttered by our super-patriots are being financed by anti-union American industrialists so the people will elect anti-union Congressmen and Senators who will then be able to weaken and destroy the American trade unions.

The cry of "save the country" is an old reliable stand-by. When Communism was chiefly an academic theory in America the big industrialists financed propaganda to "save the country" from the American Federation of Labor, the Single



Taxers, the Socialists or anything else that could be worked up as a threat and a menace. In recent years the propaganda has been concentrated on "saving the country from the Reds."

The drive to defeat pro-labor candidates is especially intense. Industrialists utilize patriotic appeals to the utmost and concentrate particularly on winning the support of veterans of both world wars. Exactly this technique was used by Hitler and Mussolini. They, too, appealed for veteran support on a patriotic basis and, having got it, established fascism and led their countries and their people to ruin.

Unless the average voter knows how super-patriots start these drives and how much they get for themselves out of the business of "saving the country," and who is financing them, he is apt to be befuddled and favor anti-labor individuals under the impression that he is thus best serving himself and his country. Only by knowing what and who is behind this cloak of patriotism can he protect himself and keep from making the same disastrous mistake made by the German and Italian peoples when they fell for similar appeals.

In this pamphlet I refer especially to the intensive activities of the organization known as American Action, Inc. with national headquarters in the Board of Trade Building, Chicago. This body is supposedly an open political movement but actually it conducts its political activities in a secretive manner, and is concentrating on winning the millions of war veterans even as Hitler and Mussolini concentrated on getting veteran support.

It was Huey Long who once shrewdly observed, "When Fascism comes to this country it will come disguised as Americanism."

In the following pages I shall present evidence to prove:

- 1.—That the idea for this privately owned and secretively operating political movement was conceived by Merwin K. Hart, the notorious pro-fascist.

- 2.—That with practically no members it nevertheless functions as a "national" body and its activities, spread throughout many states, are financed by a handful of anti-union industrialists.

- 3.—That Leo F. Reardon, whom the Rev. Charles E. Coughlin sent to Germany in 1939 as a secret emissary to confer with Hitler and von Ribbentrop, worked with Hart to raise



money while this political movement was being established.

4.—That Edward A. Hayes, who now directs American Action, was elected national commander of the American Legion at the time Gen. Smedley Butler of the Marines was urged to become head of the Legion as the first step in a plot to organize a fascist army to seize the government of the United States by force.

5.—That Edward A. Hayes was suggested for this post by Robert M. Harriss, Fr. Coughlin's close collaborator in the East.

6.—That before taking over the running of American Action Hayes held secret conferences with anti-union Democratic and "top-flight" Republican Party leaders who gave the new movement's plans their approval.

7.—That money sent by American Action into Congressional districts for use in campaigns in a number of states was not reported by individuals or groups working to elect Congressmen, as is required by the Federal Corrupt Practices Act.

8.—That men like Lammot and Irenée du Pont contributed more money to this political movement than the \$5,000 legally permitted under the Hatch Act.

9.—That money reported in sworn statements by this organization as spent in a political campaign was actually used to investigate unidentified individuals.

10.—That Merwin K. Hart's co-founder of this movement, Upton Close, accused Hart of embezzling funds entrusted to his care.

For the reader to have a clear picture of this organization which is influencing millions of Americans by patriotic appeals to "preserve the American way of life," it may be advisable to sketch briefly the period when the organization was conceived and to identify the founders.

Early in 1945 it became clear to the world that it was only a question of a few months before Germany and Japan surrendered. With the end of the war in sight, financiers and industrialists began to think of postwar problems in the United States. The struggle between capital and labor which had been more or less held in abeyance during the war, would resume. Under the Roosevelt administrations labor had made considerable progress both economically and politically. The



C.I.O.'s Political Action Committee was an expanding influence in elections. Several million men in the armed services were trade union members. The veterans vote would be influential, perhaps decisive, if it could be welded by a common issue.

By charging C.I.O. and P.A.C. with being "Communist" or "Communist dominated" out to capture the Congress, industrialists could be scared into financing a counteracting movement. Simultaneously, the charges that C.I.O. trade union leaders were Reds would create dissension within, and possibly split, union ranks, an objective always welcomed by reactionary industrialists.

It was in this period that Merwin K. Hart, president of the National Economic Council, 350 Fifth Ave., New York City, conceived the idea of a political movement to counteract P.A.C. Since industrialists were troubled by the C.I.O.'s political activities and by the laws passed by a liberal Congress, it was certain that a movement to counteract labor's political activities would receive financial support from big business, and Hart discussed the idea with John T. Flynn in the East, former Congressman Samuel Pettengill in the Mid-West and Upton Close, the radio commentator, on the west coast.

The approach to the people would be a patriotic appeal to "preserve the American way of life" and elect "good Americans" to Congress. To get an idea of the "American way of life" these patriots had in mind let us view a little of their background and former activities:

The National Economic Council, which Hart headed for years, is a "non-profit making" body which concentrates on propaganda and political maneuverings against organized labor. U. S. Supreme Court Justice Jackson once denounced Hart for his pro-fascist leanings. Hart was known not only for his anti-labor activities but as an apologist for Generalissimo Franco.

The objectives of the National Economic Council are to promote "an understanding by public officials of important needs of the private enterprise system." A study of these objectives shows that the Council is primarily a political pressure and propaganda outlet for the most reactionary aims of the industrialists and financiers who maintain it.

Some of its directors also became directors of American



Action, Inc., as Robert M. Harriss, Earl Harding and J. H. Gipson did. Some had been exceedingly active in the old America First Committee, that extraordinary body which cried patriotism before the war but whose activities hampered American defense efforts in the looming war against the fascists.

Since Hart's name was closely identified with reaction, anti-unionism and pro-fascism, it was obviously not wise for him to be identified with the movement openly. If the American people knew he was behind the political organization they might not approve the sort of life he wanted to preserve. There is some question whether Hart's motive in conceiving the idea for American Action was inspired by pure patriotism only. For years his organization had been maintained to carry on propaganda against trade unions, wage increases, the union shop and pro-labor legislation. When we got into the war the sort of work Hart's Council specialized in was not needed by the industrialists. Wages were frozen and employers did not care whether their employees belonged to one union or a dozen. The struggle was not to reduce wages but to find workers, with some employers so desperate that they raided one another for them.

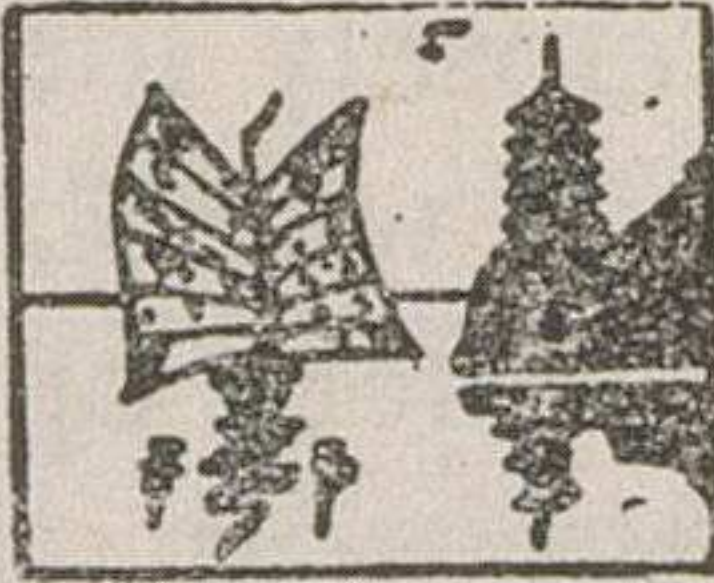
On the west coast Upton Close was broadcasting on a national hookup under the sponsorship of the Lumberman's Mutual Casualty Co., headed by James S. Kemper. Kemper was not only a big insurance man but a power in the Republican Party. He was a former president of the Chamber of Commerce of the United States and for many years had been and still was a power in the notoriously anti-union National Association of Manufacturers. He was a friend of Gen. Robert E. Wood, head of the old America First Committee, and Col. Robert R. McCormick, publisher of the extremely reactionary *Chicago Tribune*. Kemper had also been tied up with Nazi cartels and had been used by the Nazis for propaganda.

Hart put the idea of the political movement up to Close who not only thought it brilliant but saw an angle which would make saving the country from the Reds pay off in hard cash. We shall come to this aspect shortly.

As Close himself explained it in a letter he wrote on April 2, 1947:



POST OFFICE BOX NUMBER 711



HOLLYWOOD, CALIFORNIA

UPTON CLOSE  
JOSEPH WASHINGTON HALL  
UPTON CLOSE

April 2, 1947

Dear \_\_\_\_\_

Your kind letter is very interesting indeed. It is good and fair of you to write me. My experience with American Action was that I labored mightily to help bring about its formation, and spent considerable of my own funds in that effort. It was conceived by Mr. Merwin K. Hart, but once we had a fund raised to get started, we found ourselves rather blocked by Mr. Hart's preoccupation with his other activities.

Sincerely,

A handwritten signature in dark ink, appearing to read "Upton Close". The signature is fluid and cursive.

Upton Close

Upton Close, fellow worker of the pro-Fascist Merwin K. Hart in the vineyards of the rich, admits that the whole idea was conceived by Hart.



"My experience with American Action was that I labored mightily to bring about its formation, and spent considerable of my own funds in the effort. It was conceived by Mr. Merwin K. Hart, but once we had a fund raised to get it started, we found ourselves rather blocked by Mr. Hart's preoccupation with his other activities. . . ."

Close was a spokesman for extreme reaction. I could devote a fat chapter to him and his checkered career, which includes Jew baiting, but I shall state only that his broadcast after the Japs bombed Pearl Harbor, and while Americans there were still gasping their last agonized breath, was practically an apology for Japan. Close was put off the air several times by networks for "intemperate statements."

Samuel Pettengill is a former Congressman who has consistently taken an attitude which favored Nazi Germany. Congressman Wright Patman, in a public radio address, called him "The Number One Fascist in America."

John T. Flynn is, in my opinion, an honest man who, because of an intense anti-British attitude, was driven toward isolationism which brought him into questionable company. Flynn was once a liberal who found himself inexorably washed toward an extreme right position, almost indistinguishable from fascism.

These were the four founding fathers and they went to work to establish what subsequently became American Action, Inc., even before the war ended. On April 20, 1945, Close wrote to Merwin K. Hart, John T. Flynn and Floyd McGriff. The letter read in part:

"A few tried and trusted friends met here on the evening of April 19 to form a nucleus for whatever is to follow. They decided to ask John Flynn if he would get on out to the coast after the Chicago meeting, exchange ideas, apprise us of what is done in the East and arrange for a big push on this Coast. Then a gathering of those whom we shall regard as supporters and contributors will be held. . . ."

"One of the things that John Sinclair wanted to mention to the gentlemen in the East, was the title suggested out here and which all out here like very much. That title is: 'FREE AMERICA COMMITTEE,' which could be FREE AMERICA COMMITTEES—or some other word in place of committees. The word 'FREE' would have the double sense of both verb and adjective. . . ."



(John F. Sinclair of Los Angeles became seriously ill after the initial talks and took no part in the organization's formation. Floyd McGriff is a reactionary publisher of several neighborhood newspapers in Detroit.)

From its very inception American Action surrounded itself with the sort of secrecy expected from enemies of a country operating in an underground movement. An exchange of ideas could have been managed for the price of a three cent stamp but Close and the others who worked with him apparently deemed it wiser not to put too much in writing. Names of "the gentlemen in the East" are not mentioned nor are those who participated in forming the nucleus "for whatever is to follow." They are merely "tried and trusted friends."

With Close involved as a founding father of a political movement it was obviously unwise for Kemper, a power in the Republican Party, to continue to sponsor him. If Close's connection was discovered persons might think the Republican Party was behind American Action. Besides, rising protests by the public against the sort of stuff Close was spreading was giving his sponsor a bit of a headache. With the foundation of the political movement laid, Kemper's Lumberman's Mutual Insurance Co. suddenly announced that as of July 1, 1945, the Close program would be cancelled due to "business conditions." Kemper himself could not contribute money to the new movement without it arousing considerable talk if it ever came out. But when the country-savers began to raise money to get the organization started Kemper's two daughters Rosemary and Mildred made handsome contributions.

A number of preliminary meetings were held in Chicago, Los Angeles and New York. On July 30 and 31, 1945, Hart, Close, Flynn, Pettengill and a score of other persons who had been active in opposing Roosevelt labor policies and in anti-union drives met in the Palmer House in Chicago and officially gave birth to the new political movement.

With these meetings over Close proceeded to Detroit and New York, returning to Chicago on August 9, 1945. He checked into the Drake Hotel where he was assigned rooms 736-7.

When the bell boy had deposited his bags, Close put in a call for Gen. Robert E. Wood. Then he called the law offices of Brewer & Farrel where attorney Thomas Creigh, general



counsel for the Cudahy Packing Co., has his offices. (In 1941 John Cudahy, former U. S. Ambassador to Belgium, published an interview with Hitler which pleaded the Nazi cause.) Creigh is a vice-president and director of Hart's National Economic Council. When he finished talking with them he put in a call for Leo F. Reardon.

Richard Sallet, propaganda attaché at the Nazi Embassy in Washington from 1935 to 1937 and later transferred to the German Foreign Office, was captured when the Nazis surrendered. Department of Justice officials questioned him. Among the things he admitted was that in 1939 the Reverend Charles E. Coughlin, the Royal Oak radio priest who was disseminating Nazi propaganda, sent Leo F. Reardon, promotion manager for *Social Justice*, to Berlin to discuss some matters with Hitler and von Ribbentrop. The Justice Department report states that Sallet arranged a conference with von Ribbentrop.

At that time Reardon was supposed to be nothing more than the "promotion" man for the radio priest's privately owned publication. Just what he was supposed to promote in Germany the Department of Justice officials did not ascertain.

With the outbreak of the war and the suppression of *Social Justice* Reardon disappeared from activities which might attract public attention. What he did during the war years I do not know. Reardon was, and still is, very secretive about his affairs. This is the man Close called. Close's phone call was the first indication that Coughlin's friends and associates in Detroit had something to do with the new political movement.

## 2. \$550 PER WEEK FOR A PATRIOT

THERE SEEMED to be something sinister about a proposed political movement conceived by a notorious pro-fascist whose chief collaborator was an apologist for Japan and who turned out to be in touch with Coughlin's secret messenger to Germany. That those behind this political movement talked loudly about "saving the country" from the Communists meant nothing. Hitler had talked even more loudly about saving Germany from the Communists and thus managed to get enough political backing to achieve power which he used



to lead Germany and its people on the road to destruction and death.

I went to Detroit to see how Leo Reardon fitted into the picture and found an excellent case history of how the big money boys are played for suckers. I shall give the details not only for the edification of veterans and trade union members to whom this movement appeals for patriotic support but for the money boys themselves who sign the checks for these battlers for the "American way of life."

I found that Reardon's part in this picture began in room 315 in the Murphy Building, where a young lady named Betty Leavell ran the Academy Letter Service, a mailing and addressing business. This office had once been the headquarters of the Wayne County Republican Party with which Miss Leavell worked closely.

While the foundation for American Action was being laid in the New York, Chicago and Los Angeles meetings, Betty Leavell walked across the street to the Penobscot Building and rented room 814 as another office for herself. A desk, a couple of chairs, a typewriter and a telephone were installed. A close mouthed secretary was placed in charge to receive mail, answer phone calls and take messages.

There was no indication on the door of the office Miss Leavell rented as to who occupied it or the nature of the business transacted behind it. Neither the occupants nor the business was listed on the Penobscot Building directory. It was a room lost in one of the city's largest office buildings. Very few persons called with the exception of Leo F. Reardon who flitted between this hideaway and Miss Leavell's Academy Letter Service across the street.

Within a short time Miss Leavell ordered a teletype machine, also in her name, which connected room 814 with Upton Close's sun-baked house at 2024 North Highland Ave., in Hollywood. Close began to fly into Detroit at irregular intervals, usually arriving on a Saturday afternoon and leaving on Sunday. During these visits he and Reardon met either in the Penobscot Building which was fairly well deserted on these days or at Reardon's home in apartment 205 at 225 Covington, sometimes known as Six Mile Road. Frequently present was Robert B. Powers, a part owner of the firm of Arnold & Powers, the printing house which used to set the type for Coughlin's *Social Justice*.



Further inquiry disclosed that Close's propaganda "news letter" *Closer-Ups* was to be issued from this hide-away and Miss Leavell was to handle the addressing, mailing and solicitation. Not until considerably later was stationery printed giving the address of *Closer-Ups*. An examination of the mailing lists in Miss Leavell's office showed that the news letter had few subscribers in Michigan. Some parts of the country were pretty well covered, especially California, Pennsylvania, Illinois, Ohio and the New England states; but Michigan circulation was so small that large quantities of free sample copies were mailed out in unsuccessful efforts to increase circulation in the auto state.

There seemed to be no logical reason for the news letter to be mailed from Detroit while Close lived and wrote his stuff in Hollywood; and there was even less reason to install an expensive teletype machine for five or six pages of copy which could be sent air mail for a few cents or even by Western Union for a little more. Just why this office was established in Detroit is another of those mysteries which envelopes almost every move made by American Action's founders. The U.A.W.-C.I.O. was strong in the auto city and American Action was already committed to attack the C.I.O. as "Communist." There was the possibility of getting support from auto magnates to create dissension within the union as a preliminary to a union-busting campaign. This seemed logical but it did not require Reardon or the firm which used to publish *Social Justice*.

That Coughlin had not lost interest in a national propaganda medium was not doubted by anyone who had studied the priest's extra-religious activities which his archbishop finally forbade. Suspicion that Coughlin might be playing a part in the shadowy set up of this political movement was increased when it was learned that Robert M. Harriss, the Wall Street cotton broker who was the priest's right hand man in the East, was a leading figure in establishing this movement.

Though pure patriotism was undoubtedly uppermost in the minds of Close and Hart when they launched American Action, subsequent developments show that they did not forget that Coughlin collected large sums of money for his broadcasts and that his personally owned *Social Justice* not



only brought in money but was a potent political force. Reardon knew these things even better than Close and Hart.

As soon as it was definitely decided to establish American Action, Reardon and Powers went to New York to discuss with Hart ways and means to return Close to the air on a national hookup. The proposition finally agreed to by both sides was that Hart's National Economic Council would sponsor the broadcasts. Originally Close's plan was to have the National Small Business Men's Association, an anti-union outfit, do the sponsoring. Close wrote to Robert Lund, manufacturer of Listerine, and a power in the National Association of Manufacturers, advising him of the move. The idea, Close confided, was that "so far as the public and enemy are concerned, the two appear totally independent of each other." Hart, however, won out as the sponsor, with the checks going to the National Economic Council.

The pattern followed by Close and Reardon is strikingly similar to that followed by Coughlin both in his broadcasts and in publishing *Social Justice*. The agreement Reardon finally reached with Hart provided that Close would get \$550 a week for each weekly broadcast. For Close it was a good arrangement. His voice would reach millions as Coughlin's had reached millions. On the strength of this national publicity Close could get subscriptions to *Closer-Ups* which he owned—even as Coughlin had got subscriptions to *Social Justice* which the priest owned. Close also lectured for fat fees. As a national commentator heard by millions the demand for lectures would naturally increase. Saving the country from the Reds would pay off.

Reardon and Powers agreed for Close that in each weekly broadcast "sponsored" by it, the National Economic Council would be mentioned seven times. The Council would thus get advertising which it needed to persuade the money boys to let loose of the folding money. It all boiled down to a beautiful set up in which the 120 per cent patriots peddled their own wares while "saving the country" and in which the big business boys footed the bill.

When Close was informed that Hart would sign the contract with Reardon for the latter to raise the money to pay for the national hookup the commentator took no chances that while the group was busy saving the country one of them might take a little time off and walk away with what



promised to be a fruitful business. Close got Robert B. Powers to incorporate the business into a publishing and broadcasting venture. Powers called on Smith & Huffaker in the Penobscot Building, a firm of attorneys specializing in taxes and setting up corporations and got Melvin S. Huffaker to start the ball rolling. *Closer-Ups* was to be merged with a new corporation to be called Pacific Era Publishers, Inc., which would have offices in room 814 which Betty Leavell had rented for herself. Under his legal name of Josef Washington Hall, Close became president of the corporation and J. Thomas Smith, a partner of Huffaker in the law firm, became the vice-president. Huffaker was secretary and Powers, treasurer. On Nov. 5, 1945, the new venture became a corporate entity. This was a couple of months before American Action, directed by Close and Hart, incorporated. The boys were getting in on the ground floor.

The Pacific Era Publishers, Inc. articles of incorporation show that Close planned to set up a considerable business. He would advertise the National Economic Council and Hart would advertise Close, as he subsequently did in a fancy fund-raising scheme which attracted wide attention. Hart threw a swanky dinner at the Waldorf-Astoria in New York in honor of Close and invited a choice collection of suckers, most of whom did not dream that Hart, Reardon and Close were working together with nice contracts signed. Among the suckers was Lammot du Pont who was seated on the dais with the guest of honor. He was one of the boys they were angling to get for he was never known to suffer paralysis of his writing arm when it came to checks to finance anti-union activities.

The firm was to "publish news letters, books, pamphlets, brochures and other reading matter of various kinds, and printing, selling and distributing same." It would also "conduct travel and lecture tours, both within the United States and in foreign countries" and "engage in the business of disseminating ideas, facts, information and opinions, etc., by and through any and all means of communication such as radio, books, pamphlets, newspapers and magazines."

Once the legal papers were filed in Lansing, Michigan, the boys were in business. Nobody sank too much into the venture. That was not the idea. The corporation started with \$2,000 and Josef Washington Hall took to himself 990 of the 1,000 shares of stock authorized by the officers and directors.



Huffaker held 10 shares. I asked him if he got the 10 shares in payment for legal services or if he bought them as one on the preferred list. He said, "I just held them. I don't think it is necessary to go into why or how I got them."

As of January 2, 1946, the publishing house took over *Closer-Ups* in time to cash in on the activities of American Action which was incorporated a few days later.

Betty Leavell was the protecting go-between, shielding Reardon's connection with the Close-Hart set-up. She still tries to shield it. When money troubles arose among the patriots later and Close resigned from American Action, Reardon, on March 27, 1947, founded the American Education Association and established offices in her office. Neither Reardon's name nor that of his impressive-sounding educational association was listed on the door of Miss Leavell's office or on the Ford building directory where Miss Leavell now conducts her affair.

Since Miss Leavell was renting offices, teletype machines and keeping Reardon's connections concealed I decided to call on her and see why everything was handled in her name instead of that of the publishing and broadcasting corporations.

### 3. THE BOYS "MAKE A BUCK"

THE DOORS to Betty Leavell's offices were locked when I tried to enter but one across the hall was open. A woman at a desk watched me try the doors.

"They're in," she volunteered. "Just knock. They always have their doors locked," she added. "I don't know why anyone's business office is always kept locked."

I knocked and after a moment or two the door was opened by a stocky and energetic young woman of 27 or 28.

"I'm doing a little piece on Upton Close," I said, "and I understand you can help me out."

"Could I tell you a story!" she burst out, closing the door after me. "Just how bad do you want to make it?"

"All I want are the facts—good, bad and indifferent. I'd like to know about his news letter—"

"Well," she said, referring to a folder she took from her files, "the news letter was brought to Detroit in September,



1945; and I put it out for one year and one week. We got out the last issue in September, 1946. Then it went back to the coast and was there until mid-December. Then it came back to Detroit and stayed here until March, 1947."

"How did you happen to get the job of mailing it?"

"I bid for it."

"Public bidding?"

"No, I learned that it was coming here and I bid for the mailing job."

"How did you learn that it was coming here?"

"Oh, you know how those things are. You learn of it through the grapevine. I knew he was off the air and was starting a news letter and that Detroit was to be the center so I bid for it."

"Did Close's copy come air mail or Western Union?"

"Oh, no. We had a teletype set up."

"A teletype for a few pages of copy? Isn't that expensive?"

"Expensive as the devil!" she agreed. "But we had other business running on the machine. You know how the teletype operates, don't you? It's like a long distance telephone. You're connected with Hollywood and when you or they want to talk, you just ring a bell and you're connected. Then you're charged for each minute it's in use."

"Was the teletype in your name?"

"Yes, Michigan Bell billed me, and I billed Close. And I'd like to collect some of the bills he hasn't paid yet."

"What was the other business talked about on the teletype?"

Betty, who had been going on at a great rate, obviously peeved at Close for not having paid his bills, suddenly paused.

"Say, how did you know I did the mailing?" she demanded. "I went to an awful lot of trouble to keep myself out of it."

"The publishing house address was given as the Penobscot Building and inquiry at the building showed that you rented room 814 in your name."

"Oh. Simple, isn't it? Here I go to a lot of trouble to keep my connections out of the picture and I slip up on a little thing like that."

"We were discussing the other business talked about on the teletype—"

"Say, look. I don't know if I should say anything more."



Close is pretty much of a heel but he's on the right side of the fence. I want to talk to a friend of mine before I say anything more. I have to take some stuff out to him on Six Mile Road tonight. He's leaving for New York and I want to talk it over with him before I say anything more."

"Who's your friend?"

"Oh, I couldn't tell you his name," she bubbled. "He's even more out of it than I. Nobody knows anything about his connection with the Close business."

"It was a legitimate business, wasn't it? So why all the mystery?"

"There was no mystery. We just don't want his name in this. And," she added laughing, "there's been no slip about him like there was about me."

"But there was," I said.

"Oh, yeah? That's an old trick—trying to make me talk so I'll say something that might identify him."

"I'm not trying to trip you up. The slip in his case came when Close telephoned him from Chicago."

"Yeah? Telephoned whom? Close probably called a lot of people."

"Leo Reardon of 225 Covington—sometimes known as Six Mile Road."

"I'm not going to say another word," Betty announced a little excitedly. "Not another word. If you want to talk with me you'll have to call me some other time. I'm terribly busy and I'm just not saying another word."

"The only thing I'm trying to get clear is, since this was a legitimate business why you and Reardon had to try to keep yourselves from being connected with it in any way."

"I'm not saying another word," Betty repeated, a little more excitedly. "I want to talk it over with my friend first."

The next day I called again. A young man whom she introduced as Jimmy Curran was there. He was "a friend" doing some work in her office who devoted the better part of an hour explaining why Betty could not talk with me, and guiding her when she did talk. Betty was not as bubbling as she had been the previous day.

"Say, look, Mister," she said, "I have to run my business and I have no time to talk."



"I'm just interested in how Close's news letter happened to be brought to Detroit and how you got it."

"How it came here is my business. I'm not going to tell you about my private business affairs."

"All right. Why did you rent room 814 in your name instead of the name of the publishing firm? You're not in the publishing business."

"We had to have space so I rented that office."

"At whose request?"

"I don't know at whose request."

"Well, at whose request did you install the teletype?"

"I don't know. We talked about it and—"

"Who is 'we'?"

"That's my business. They hired me and I am not revealing the people who employ me to work for them."

"But what's the reason for all this mystery about an open, legitimate business?"

"That's my business," she repeated.

"All right. Did you deal with Close direct?"

"Yes, I dealt with him direct, and I dealt with the office staff."

"I'd like to get a picture of how this thing operated. When copy for the news letter came in over the teletype what did you do with it?"

"I took it to the printer."

"Who was the printer?"

Jimmy Curran who had constantly primed her answers interrupted.

"I wouldn't answer any more questions, Betty. It doesn't matter who the printer was."

"It might in this case. It was Bob Powers, wasn't it?"

"Don't answer," Curran said quickly. "Don't answer any more questions or you'll get your neck in a noose."

"Did you decide not to answer any more questions after you discussed it with Leo Reardon?"

"Mister," Betty said excitedly, "as of right now I am not answering any more questions. I'm not going to get my neck in a noose. You're asking too much. You're going too far."

Just why Jimmy and Betty thought she would get her neck in a noose if she answered questions about what was presumably an open and honest business, I couldn't say.



After Hart and Reardon signed the contracts for this patriotic business Reardon began flights around the country for money to return Close to the air. Funds were sent to Hart for disbursement. So far as the public was concerned there was *no* connection between the Close broadcasts and American Action, Inc., which Close and Hart were organizing.

Everything went well until that "Ol' Devil Money" came between the colleagues laboring in the vineyards of the rich. Close called Hart an embezzler in diplomatic language and Hart called Close a liar in not such diplomatic language. Money trouble almost broke up the political movement but General Wood, Colonel McCormick, Lamont du Pont and a number of others who wanted to see the organization develop hushed the blossoming scandal.

Since most 120 per cent patriots speak with stars and stripes in their voices and never mention the big boys' wallets in their eyes, it might indicate the "American way of life" they want to preserve if we take a look into this money trouble.

Hart raised some of the money for the broadcasts himself. National Economic Council members and friends were asked to finance the Close broadcasts under the Council's "sponsorship." Hart even made personal solicitations. All in all he collected \$13,419.44.

Another \$46,562.50 was received direct from advertising agencies to whom the scared local boys sent their checks to pay for ads and for local radio stations to be tied into the network.

Close, anxious to raise a lot of money so he could continue broadcasting weekly at \$550 per broadcast, plus the resultant publicity to bring lecture engagements and help sell subscriptions to *Closer-Ups*, co-operated with Reardon. Between them they raised \$169,704.63.

With a couple of hundred thousand dollars in the radio kitty Hart saw Close getting \$550 week after week. After all, the idea for American Action, Inc., had been his own. There he was, a man who had been preserving the American way of life for years, and here was this comparative newcomer cashing in to the tune of \$550 a week.

Hart looked somberly about his office. The National Economic Council had used its office, staff, time and postage stamps to raise a little over \$13,000. He himself had given his valuable time. He took paper and pencil and did some figuring.



When he came up for air the figures showed that the Council had spent \$7,121.35 for telephone calls, postage stamps and similar items to raise the \$13,000—or, more than half the total collection. Now, I'm no great shakes at bookkeeping, but when an outfit which specializes in advising the country to "encourage a wise economy" spends \$7,000 to raise \$13,000, I wonder just how sound its advice is; or, perhaps that explains why the country's economy periodically gets so beautifully tangled up.

Hart continued to check his books and found that the Council had also incurred expenses of \$7,764.99 in connection with the broadcasts and, since he handled the radio fund disbursements, he took that amount of money according to charges made by his colleague Close to whom he tendered that swanky Waldorf-Astoria dinner. I do not know what the 99 cents were for; maybe it was to show everybody concerned that they got a bargain. At any rate, Hart and the Council raised a little over \$13,000 and spent over \$14,000—which is presumably the sort of "American way of life" he'd like to preserve.

When Hart's books were audited Close almost had a hemorrhage. On April 2, 1947 he wrote a bitterly complaining letter. In it he said in part:

"After my friends had raised \$60,000 to put me back on the air (cost: \$200,000 for one year over 63 stations) I agreed to give Mr. Hart name sponsorship for his National Economic Council which has surely benefitted by seven mentions of it and its news letter made once every week in the so-called 'commercials' of the program. When the year was completed after most of the money had been raised through the efforts of myself and my personal friends and employees, I was amazed to learn that although I had been left holding the bag for about \$12,000 taken out of *Closer-Ups* subscription funds to pay the printer and addresser for radio contribution solicitation, Mr. Hart had, without consultation with anyone else concerned, paid all his organization's routine expenses, and in addition appropriated to himself, \$500 a month for some months, \$600 for others and \$1,000 for others for 'carrying the heavy responsibility of being sponsor'."

Though it may be a slight digression from the high finances of the Close-Hart-Reardon triumverate it seems to me that





POST OFFICE BOX NUMBER 211

HOLLYWOOD

UPTON CLOSE  
JOSEPH WASHINGTON HALL  
UPTON CLOSE

April 2, 1947

Dear \_\_\_\_\_

My own difficulties are something else again. After my friends had raised \$60,000 to put me back on the air (cost: \$200,000 for one year over 63 stations), I agreed to give Mr. Hart name sponsorship for his National Economic Council, which has surely benefitted by seven mentions of it and its newsletters made once every week in the so-called "commercials" of the program. When the year was completed, after most of the money had been raised through the efforts of myself and my personal friends and employees, I was amazed to learn that although I had been left holding the bag for about \$12,000 taken out of Closer-Ups' subscription funds to pay the printer and addresser for radio contribution solicitation, Mr. Hart had, without consultation with anyone else concerned, paid all of his organization's routine expenses and in addition appropriated to himself \$500 a month for some months, \$600 for others and \$1,000 for others for "carrying the heavy responsibility of being sponsor". Of course, I had to do all the wrangling with the

Sincerely,

Upton Close

Upton Close, who went digging into the gold mines of "Let's Save The Country" with his fellow "patriot" Merwin K. Hart, has a falling out with his colleague and accuses him of some fancy financial maneuvers which sound like embezzlement.



the attention of the postal authorities should be called at this point to Close's statement that he took \$12,000 from subscription funds to pay the printer and addresser for radio contribution solicitation. So far as I know the Federal postal laws contain no provisions that money may be solicited and received through the mails for subscriptions to a periodical and then used for private loans.

But, to get back to the boys trying to make a buck:

When a man "appropriates" money in his care "without consulting anyone else concerned" it is known as embezzling, a crime punishable by imprisonment. Since Close's allegations were definitely libelous if he could not prove them, the salient parts of this accusation were sent to Hart with a request for an explanation.

On April 12, 1947 Hart replied, calling his colleague in saving the country a liar:

"Thank you for writing me so frankly that letter of April 10, in which you quote from a recent letter of Upton Close.

"Mr. Close's statements are false—not only false but preposterous.

"A certified copy of our broadcasting account is now being prepared, and a copy of it will be sent to you as soon as it is completed. This will tell the financial facts, and I will be glad to fill in the background whenever I can see you when you are in New York. Thank you for reserving judgment."

So far as I know, however, Hart did not ask Close for a retraction or enter suit on the ground that the charges were false and libelous.

On April 23, 1947 Hart wrote again:

"Receipt of your letter of April 19th minded me to call you on the telephone. I could tell you things on the phone that I would like you to know in advance of the time when I can personally see you and even before this certified audit is ready."

Hart is a lawyer and knows the possible disadvantages of putting things in writing. Apparently he prefers to talk



NATIONAL ECONOMIC COUNCIL, INC.

350 FIFTH AVENUE, NEW YORK 1, N. Y.

LA 4-1635

MERWIN K. HART  
PRESIDENT

CONSTANCE G. DALL  
ASSISTANT TO THE  
PRESIDENT

THOMAS CREIGH  
VICE PRESIDENT

A. MARGARET SCHMID  
VICE PRESIDENT &  
ASSISTANT TREASURER

GLENN G. MUNN  
TREASURER

EILEEN M. O'CONNOR  
ASSISTANT TREASURER

MCKAY TWOMBLY  
SECRETARY

SIRILLA SCILLING  
ASSISTANT SECRETARY

April 12, 1947

Mr. [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
Philadelphia 21, Pa.

Dear Mr. [REDACTED]

Thank you for writing me so frankly that letter of April 10, in which you quote from a recent letter of Upton Close.

Mr. Close's statements are false - not only false but preposterous.

A certified audit of our broadcasting account is now being prepared, and a copy of it will be sent you as soon as it is completed. This will tell the financial facts, and I will be glad to fill in the background whenever I can see you when you are in New York. Thank you for reserving judgment.

Very sincerely,

*Merwin K. Hart*

Merwin K. Hart  
President

MKH:ec

The pro-fascist Hart thereupon calls Close a liar but makes no threat to sue if Close does not retract the charge.



over the phone or in person to avoid a record of what he says.

Earl Harding, the public relations man for Remington-Rand, a notoriously anti-union company, is a director of American Action as well as of the National Economic Council, and he was on Hart's side of the squabble. Harding made some comments about Close having got \$28,600 out of the radio program in the form of the \$550 weekly fee. Close was hurt. If some of the boys were on Hart's side and condoned, if not approved, Hart's expenditures for postage stamps and "administrative expenses" then Close, too, wanted money for stamps and administrative expenses. In all this snarling, the Close-Hart beautiful friendship went out the window. The patriots apparently forgot they were supposed to be saving the country and not their own bank accounts.

Close got hold of the audit and threw another fit. In great indignation he wrote a long analysis of it and sent copies to the big boys, demanding a few more bucks. In his analysis he stated threateningly:

"Now we come to the nub of the matter, which is: that in addition to the \$7,121.35 deducted for itemized expenses of the fund collecting agent and the National Economic staff in the process of raising the amounts which this agent and the Council raised, a sum of \$8,898.68 was used by this fund collector in his efforts, this sum having been taken from the subscription funds of *Closer-Ups*, Upton Close's personal news letter, with the assent of Mr. Robert B. Powers, vice-president of the corporation publishing *Closer-Ups*, as a loan to the radio fund and the National Economic Council. This obligation was acknowledged by Mr. Merwin K. Hart in his second contract with Mr. Leo F. Reardon, July 12, 1946, and up to the amounts that had been loaned from *Closer-Ups* at that time: namely, \$6,730.00. . . ."

Close came to a very simple conclusion, namely (to borrow a word) if the patriot Hart can take it, why can't the patriot Close? He concluded with a blunt demand on the boys:

"The claim of *Closer-Ups* shall be made upon the basis of these revelations in the official audit; and the demand is made for a satisfactory settlement without delay."



**NATIONAL ECONOMIC COUNCIL, INC.**  
330 FIFTH AVENUE, NEW YORK 1, N. Y.  
Lackawanna 4-1643

IRVING HART  
PRESIDENT  
TAMM G. DALL  
ASSISTANT TO THE  
PRESIDENT  
IRVING COHEN  
VICE PRESIDENT  
MARGARET SCHMID  
VICE PRESIDENT &  
ASSISTANT TREASURER

GLENN G. MUMF  
TREASURER  
HELEN M. O'CONNOR  
ASSISTANT TREASURER  
MC KAY TWOMBLY  
SECRETARY  
SIBYLLA SCHILLING  
ASSISTANT SECRETARY

April 23, 1947

Mr. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Philadelphia 21, Pa.

Dear Mr. \_\_\_\_\_

Receipt of your letter of April 19th minded  
me to call you on the telephone. I could tell you  
things on the phone that I would like you to know in  
advance of the time when I can personally see you and  
even before this certified audit is ready.

Very sincerely,

*Merwin K. Hart*  
Merwin K. Hart  
President

MKH:ec

Merwin K. Hart, who is a lawyer and knows the possible disadvantages of putting things in writing, would rather talk over the phone about what happened to the quarter of a million dollars the money boys kicked in to "save the country."



#### 4. GETTING A PRIVATE POLITICAL MOVEMENT

IT IS POSSIBLE that some of my readers may one day want to build a private political movement to save the country so I'll tell you how American Action, Inc., went about it. It is an interesting example, and the procedure is not really complicated though at times it does take on the appearance of Gilbert and Sullivan.

The first thing is to incorporate the movement with "dummies." This is important for several reasons. The first is that when it is incorporated you can pass by-laws to make it a privately owned body and allow no outsider a single word about how the organization is to be run. The second is that by using dummies to do the incorporating you can conceal those who are really behind the movement. When you start out to "save" the country it must be for patriotic reasons; and if people knew who was really behind it, they might not fall for the Fourth of July speeches. Someone might suspect that big industrialists had hired the patriots to wave the flag, to conceal a design to destroy trade unions and perhaps even to try to establish a fascist government in this country.

On January 8, 1946, three persons incorporated American Action, Inc., calling it a "national" political movement, as a Delaware non-profit-making organization. Its resident agent was The Corporation Trust Co. of 100 W. 10th Street, Wilmington, Del., a corporation which handles many "foreign" or out-of-state businesses which want to incorporate in Delaware because of the many advantages of Delaware corporation laws.

The three persons were C. S. Peabbles, L. H. Herman and S. M. Brown. Just who hired these gentlemen has never been disclosed. It is one of the most hush-hush of all the secret activities of this "patriotic" body.

The stated objects and purposes of the corporation are, in part:

"To investigate, study and analyze all laws, proposed legislation and political, economic, social and administrative processes, procedures and actions affecting sound constitutional government and the established American democratic institutions and way of life. . . ."

There is a long list of things the organization proposed to



do such as "informing the people" and "promoting methods to support and defend constitutional government."

These are, of course, noble objectives. The publicly announced objectives of the old Liberty League (howled out of existence when an outraged citizenry saw who was financing its activities) also sounded noble.

At this point the organizing maneuvers take on a Gilbert and Sullivan flavor. The whole thing would be funny if, since its incorporation, this secretive body had not succeeded in sending eight Congressmen to Washington and helped to send fourteen others.

When an organization is incorporated in the Du Pont bailiwick of Delaware there are certain legal provisions the corporation has to go through before it can turn over actual ownership to those who are going to run it. These provisions require that the incorporators meet and elect officers and directors under the gimlet-eyed supervision of election inspectors.

At 11 o'clock on the morning of January 21, 1946, the three dummies and two election inspectors named A. B. Gilland and S. E. Manuel met in the offices of the Corporation Trust Co. C. S. Peabbles sat down, took a neatly typed list from his breast pocket and without further ado announced that he guessed he was chosen chairman of the meeting. The two other incorporators nodded in bored agreement.

"Got to have a secretary, you know," said S. M. Brown.

"Certainly do," said C. S. Peabbles, "and you're it. Now that the chairman and secretary have been duly elected, let's get down to business. I am happy to inform you, as my colleagues in incorporating this patriotic venture, that the certificate of incorporation was filed in the office of the Secretary of State of Delaware. Our next order of business is to elect members to the national executive committee for the ensuing year. I move that—now, let's see (Peabbles' eyes quickly tallied the number on the typed list before him) I move we limit the number to eleven."

"Excellent idea," said Brown. "Eleven is a lucky number. Second the motion."

A resolution limiting the executive committee members for the year to eleven was passed unanimously.

"Now," said Peabbles, "the next business before us is to elect the members."



This is where the gimlet-eyed boys, Gillard and Manuel, came in. They handed the chairman a sworn and notarized statement that they would "faithfully, honestly and impartially perform the duties of inspectors of election. . . ."

Peabbles glanced at the typed list before him.

"I want to nominate to the executive committee, General Robert E. Wood."

"Excellent man," said Brown. "Second the motion."

"I next wish to nominate Harold N. Moore."

"Couldn't have picked a better man," said Brown. "Who is he?"

In quick succession the chairman, referring to the list before him nominated, and the incorporators elected, besides the General and Moore, the following persons to the executive committee: Samuel B. Pettingill, John T. Flynn, Upton Close, Earl Harding, Malcolm McDermott, Robert M. Harriss, Col. Edward D. Gray, Mrs. Neva Bethel and Merwin K. Hart.

(These and other officers and directors of the political organization are identified in Chapter 6.)

The inspectors canvassed the vote and signed a certificate that all eleven persons nominated had each received three votes and were thus duly and legally elected as the executive committee of the organization. As the minutes of the corporation in the safe of American Action in Chicago, record quaintly: "the incorporators having completed the duties imposed upon them as signers of the certificate of incorporation, their association with the corporation was thereupon terminated. . . ."

On the morning of the next day Hart, Pettingill, Harding, Gray and Mrs. Bethel met at 63 Wall Street. The minutes of the meeting do not record whose offices were used. The other executive committee members who were frantic about the urgent need to save the country did not even bother to attend the meeting.

Pettingill appointed himself temporary chairman and Mrs. Neva Bethel, temporary secretary. Mrs. Bethel, who lived in San Francisco, had come east for the occasion. She had stopped off in Chicago where she got a copy of the by-laws the organization was to adopt. These she submitted to the quorum and they were unanimously adopted.

The lengthy by-laws divide the political organization into five classes of members. Four of the classes are distinguished solely by the amount of money the member contributes an-



nually. The only class that counted is the Founder Members. It is the provision in the by-laws regarding this class which establishes the organization as privately owned. Those to whom the organization appeals for support in the form of votes and money are not permitted to open their mouths about the organization's policies and activities. The exact wording is a fascinating example of how a democratic political movement financed by the big money boys operates:

"Founder Members. This class is to consist of the original organizers who shall be elected by the incorporators at the first meeting as members of the National Executive Committee. . . . They shall have the sole and exclusive voting rights, as members, on any and all issues or matters of whatsoever kind, nature or description pertaining to the organization of American Action, Inc., or the conduct thereof, on which a vote must or may be had. In the event of any vacancy occurring among the Founder Members . . . then the remaining Founder Members shall elect a member of the organization to fill such vacancy. . . ."

To make absolutely sure that some sucker did not pay a \$5 bill as a "regular member" (lowest class) and then feel that he had something to say in a democratic political movement, the by-laws further emphasize:

"None of the last four classes of members shall have the right to vote on any question or issue of whatsoever kind, nature and description affecting the organization or its activities and affairs."

With this political movement to "preserve the American way of life" thus neatly sewed up, four of the five constituting the quorum, proceeded to elect themselves officers in the following order:

Merwin K. Hart	<i>Executive Director</i>
Edward D. Gray	<i>Vice Executive Director</i>
Earl Harding	<i>Vice Executive Director</i>
Mrs. Neva Bethel	<i>Secretary</i>

W. Homer Hartz, the Chicago industrialist who did not trouble to attend the meeting was elected a "dummy" treas-



urer for Hart and Harding actually handled the organization's funds.

When this was over Hart, as the official executive director, took over the chair and explained that, as all present knew, they had been operating under authority of a "temporary committee" established in Chicago. This "temporary committee" had authorized a little—er—wage for those laboring to establish the political movement and which they had been drawing from the sizable checks the money boys had sent in. It was advisable now to place themselves officially on the payroll—which they did.

Three of the five present thereupon voted themselves on the payroll as follows:

Merwin K. Hart .....	\$1,000 per month
Edward D. Gray .....	1,000 per month
Mrs. Neva Bethel .....	500 per month

With the two main problems of sewing up the organization to prevent outsiders from barging in and putting themselves on the big boys' checking accounts settled, they proceeded to elect three more persons to the executive committee, apparently overlooking the fact that the incorporators had legally limited the number to 11 for the year. Those they elected were R. E. Minnis, Jr. of Oklahoma City, Okla., J. E. McDonald of Austin, Texas, and James H. Gipson of Caldwell, Idaho.

With the patriots on the payroll and all well with the menaces threatening the country Hart adjourned the meeting.

There were several subsequent meetings of the quorum in Hart's offices. The publicity attending men like Hart, Close and Pettingill in the organization was disturbing the money boys and an agreement was reached for the pro-fascist tainted men to step out when a "proper leader" had been found. At a meeting on March 1, John T. Flynn who was a little fed up with the way American Action was being worked by the patriots, tendered his resignation which was accepted "with regret." The minutes of this meeting delicately record "various matters were considered." Not until the quorum met on March 11 did Robert M. Harriss suggest that they select some outstanding veteran to lead American Action, and undertake to find one.



Harriss had Capt. Edward A. Hayes in mind. Accompanied by Robert E. Condon, a contact man for Legion posts in New York, they approached Hayes with the proposition that he take over the running of the political movement and concentrate on the veteran vote. Close says that Harriss and the others appointed him to sound out Hayes.

On May 18, Hart, Harding, Gray, Harriss and Pettingill met in Hart's office. Harriss had brought Hayes with him and introduced him around. Harriss informed the group that Hayes was considering the proposition favorably. It was at this meeting that Pettingill carried out his part of the agreement and tendered his resignation. For the record he explained that he was to start the next day as a radio commentator and that in justice to American Action and himself it would be best that he withdraw from the executive committee.

Close held off resigning until July 1. His letter of resignation revealed that he had secretly been a member of the organization's policy making group. It was addressed to the "Steering Committee of American Action" and read in part:

"Now the prospect that Commander Hays [sic] may take the active direction of political work preceding the elections, and the assurance that the organization will pursue single-mindedly the purpose of combatting schemes to overthrow the traditional American form of government, I am asking to be relieved of responsibility as a member of the steering committee or policy making group."

The resignation was accepted "with full appreciation of his services in connection with the founding of American Action."

All of the "founding fathers" were now out with the exception of Hart who kept on drawing his \$1,000 a month to save the country.

## 5. PLAYING VETERANS FOR SUCKERS

**B**IG INDUSTRIALISTS and financiers have long known that with the end of World War II during which virtually every able bodied man was in the armed services the veterans would comprise a huge segment of the American voting population.



If veterans who had been ready to give their lives to defend their country could be welded together politically by assertions that certain candidates for office were "Reds" and "enemies of the country" those candidates could be defeated at the polls. Millions of veterans, too, were members of trade unions. Propaganda which accused liberal trade union leaders of being "Reds" and "agents of a foreign power" would leave its influence on the veterans, some of whom would react against such accused union leaders. Cleavages within union ranks would result. Such anti-union drives would meet with the approval of top-flight Republicans and anti-New Deal Democratic political leaders. The issue would not be Republican or Democratic but would be a bipartisan anti-labor drive masked by a cloak of "defend the country."

American Action was originally established to counteract C.I.O.-P.A.C. but within a few months after its formation policy was radically changed and its running was put in the hands of an American Legion leader who concentrated on appealing to veterans on a patriotic basis.

Most veterans are not aware that the Legion was originally established by a loan of more than a quarter of a million dollars put up by a group of Wall Street bankers and brokers. The early history of the Legion was violently anti-union. Many of its posts were used as strike breaking agencies under loud cries that strikes were part of a "Bolshevik plot." So many veterans resigned in protest at such anti-union activities and public condemnation from even conservative sources became so pronounced that the Legion slowly changed its more blatant tactics.

The idea of using veterans for anti-union purposes was not new. In some countries it ended with full blown fascism. In 1922 in Italy and in the early '30's in Germany financiers and industrialists put cash on the line to help Mussolini and Hitler establish fascist states. Trade unions which the industrialists could not control were taken over by the fascist regimes. Fascism was an obvious way for money boys to control organized labor.

In 1933 when Roosevelt took office our own economy was on the brink of collapse. It was in this period that one of the most fantastic plots in American history was concocted in the offices of a firm having close relationships with J. P.



Morgan & Co. The plot was to use veterans in the American Legion to seize the government by force and establish fascism in this country.

The proposal was put up to Gen. Smedley Butler of the Marines, a colorful and very popular man with the armed services, to become National Commander of the Legion and use the veterans of the first world war for the proposed plan. Butler promptly exposed the plot and was summoned before the McCormick Congressional Committee which was investigating subversive activities. The General testified that he was approached by one Gerald MacGuire and a New York broker with the proposition. They offered to unseat the leadership of the Legion, run Butler for office as its National Commander, with the election assured. Once he was National Commander Butler was to raise the army, march on Washington and take over the government. MacGuire guaranteed three million dollars and promised three hundred million dollars more should it be necessary.

In its official report the Congressional Committee said:

"In the last few weeks of the Committee's official life it received evidence showing that certain persons had made an attempt to establish a fascist organization in this country. . . .

"There is no question that these attempts were discussed, were planned, and might have been placed in execution when and if the financial backers deemed it expedient."

On November 21, 1934, when MacGuire testified before the Congressional Committee the following questions and answers were recorded:

"Q—The commander of the Legion was Hayes. Were you opposed to him?

"A—To Hayes? No, sir; I was not; I did not know Hayes at the time I saw Butler; I did not know that Hayes was going to be a candidate.

"Q—Who did you think was going to be a candidate at that time?

"A—I did not know."

A little later MacGuire continued:



"Q—And what did you go there for the second time?

"A—Just merely to talk over general conditions, and the fact that I thought he [Butler] was the man—that I still thought he ought to run to be commander of the Legion, and it looked as if Ed Hayes was the man who was going to win, and that he ought to during the next year or two get himself elected to be a delegate from Pennsylvania so he could be elected commander."

Still later in his testimony MacGuire stated:

"Q—In the meantime Hayes had come along and announced his candidacy?

"A—In the meantime Bill Doyle had told me that there wasn't any chance of Butler being commander because Hayes was so far in front that it was a joke as far as Butler was concerned to think about running.

"Q—When you first talked to him [Butler] was Hayes the candidate?

"A—I did not know Hayes was a candidate.

"Q—How did he get up front so quick?

"A—Well, I don't know; but those things just happened in a rush."

Edward A. Hayes who, as a dark horse, was elected commander of the American Legion at the time this fantastic plot was being hatched is now the executive director of American Action, Inc. He was suggested for this post by a close friend and co-worker of the Rev. Charles E. Coughlin who once brazenly threatened to show the United States "the Franco way"—by which he meant civil war.

It seems to me that when a man takes over the running of a political movement which concentrates on influencing veterans especially, that the people of the United States are entitled to know how he happened to be elected National Commander of the American Legion in the period when there was a plot to use the Legion as the base for a fascist attempt to seize the government of the United States.

It is only fair to state that there is no evidence or indication that the present executive director of American Action knew of the plot to form a fascist army other than what he might have read in the newspapers when the Butler exposé broke; and it is also only fair to state that Hayes was asked how



POST OFFICE BOX NUMBER 111



UPTON CLOSE  
WASHINGTON, D.C.

April 2, 1947

Mr. [redacted]  
[redacted]

Philadelphia 21, Pennsylvania

Dear [redacted]:

It was finally agreed that if he would step aside, Mr. John Flynn, Samuel Pettingill and I, as co-founders, would also step out. Mr. Robert Harriss was responsible for bringing in Captain Hayes, former commander of the American Legion and aide to Secretary of the Navy Knox, as the new director of the organization. I was the one delegated to interview Captain Hayes.

Since that time I have had no connection, and I admit I have thought it a little strange that I have been completely ignored; however, it may have been for reason of policy on the part of Captain Hayes, who has been in somewhat of a difficult position in straightening out accounts with Mr. Hart, who was custodian of the funds. It is my information that Captain Hayes, with a very small organization, did some excellent work in a few

Sincerely,

*Upton Close*

Upton Close

Robert Harriss, the Wall Street broker and close friend of the Rev. Charles E. Coughlin, was behind getting Capt. Hayes to head the secretive political movement known as American Action, Inc.



he happened to be elected National Commander of the Legion at that particular period and failed to answer.

Hayes is an attorney associated with the firm of Hayes, Downing and Rosenberg with offices at 33 N. La Salle St., Chicago. He was a delegate to the Legion's first organization caucus in 1919 when Wall Street money financed its establishment, and he has been active in Legion affairs since. So far as I have been able to ascertain he never raised his voice in protest when Legion posts and members were active as strike breakers.

We have seen that Coughlin's friend Robert M. Harriss suggested that a leader of veterans be found to run the political movement. The financial backers of the organization were not too pleased with the publicity about Hart, Close and Pettingill. It would not help to have notorious pro-fascists wave the flag and cry patriotism when it came to persuading the people to vote for candidates approved by the money boys.

In a letter dated April 2, 1947, Upton Close wrote:

"It was finally agreed that if he [Hart] would step aside, Mr. John Flynn, Samuel Pettingill and I, as co-founders, would also step out. Mr. Robert Harriss was responsible for bringing in Capt. Hayes, former commander of the American Legion, and aide to Secretary of the Navy Knox, as the new director of the organization. I was the one delegated to interview Capt. Hayes.

"Since that time I have had no connection, and I admit I have thought it a little strange that I have been completely ignored; however, it may have been for reasons of policy on the part of Capt. Hayes, who has been in somewhat of a difficult position in straightening out accounts with Mr. Hart, who was custodian of the funds. . . ."

This letter sheds a little more light on American Action's devious ways of operating a political movement and its use of fronts. The treasurer of American Action was W. Homer Hartz, the anti-union Chicago industrialist. Just what Mr. Hart was doing as custodian of funds which are supposed to be handled by the treasurer is not explained. Hart, Close, Pettingill, known for their pro-fascist leanings, would step aside. So would John T. Flynn, bitterly anti-British and a leading



spokesman for the old America First Committee. But Coughlin's friend Harriss remained.

Hayes was interested in the proposition to head the organization, but before he would commit himself he held a number of secret conferences with anti-union "top-flight" leaders in both the Democratic and Republican Parties. These secret conferences apparently were satisfactory for on August 15, 1946, Hayes became executive director of the political movement, replacing Merwin K. Hart who, nevertheless, continued to sit in on subsequent executive meetings.

In a letter marked "Confidential" which Hayes wrote on September 16, 1946, he told of the conferences:

"Before undertaking direction of American Action, the undersigned conferred with outstanding representatives of anti-New Deal Democrats and with top flight leaders of the Republican Party. Their judgment was sought as to the practicability of our proposed plan. In every instance the writer received assurance that in the judgment of the individual interviewed, American Action, as planned by us, would be most desirable."

With even conservative newspapers publishing stories about the pro-fascists, anti-Semites and America Firsters dominant in the organization and some papers asserting inaccurately that the movement had raised one million dollars to "purge" Congressmen, the House Committee to Investigate Campaign Expenditures summoned Capt. Hayes.

The new executive director appeared flanked by two attorneys and his chief aide in reaching veterans through American Action. A reading of Hayes' testimony reveals that either he was incredibly ignorant of what had happened before he took over the running of the organization or that he was deliberately evasive lest he reveal matters the organization wanted concealed. Some of his answers approached the ludicrous; for instance, when the Congressional Committee raised the question of the America Firsters in the leadership of the new political movement. Said Capt. Hayes:

"I am not condemning America First, but I just don't know what its principles were."

It is difficult to believe that a man whose sole interest is to



serve his country well and save it from injury did not know the principles of a national body whose activities hampered American defense preparations before the war. With all the news columns published about that organization Capt. Hayes' statement can only mean that he did not read the newspapers or that he did not wish to answer a question which is of vital importance to the millions of veterans whose support he seeks.

On the day following his testimony eight executive committee members convened in the Blackstone Hotel in Chicago. Present were Hayes, Hart, Harriss, Christenberry, Bethel, Condon, Gray and Harding, and the organization's attorney, Harold T. Halfpenny.

American Action, Inc., had declined to reveal who had put up the money to get it started and whom it was supporting in the Congressional districts in which it was active. The Congressional Committee had asked for this information and after considerable discussion the organization included in its minutes a long statement on this in case the Congressional Committee subpoenaed the minutes. None of the minutes of previous meetings had been so lengthy, and the phrasing on this day was not that of a secretary but of an attorney dictating for the record.

In the course of the day's discussions Hart moved that a resolution be adopted that American Action be a political organization aiding and assisting various local groups in Congressional elections. What it had been doing before was not mentioned. The movement could not officially admit that it had been a political organization before this resolution was introduced without putting the Du Ponts in the shadow of the penitentiary for contributing more than the \$5,000 limit permitted under the Hatch Act, as I shall show shortly they did.

This resolution settled to the committee's satisfaction, the next question was what to do about the Congressional Committee's request for a list of the candidates they favored or opposed. The organization had worked and planned to work secretly, and they solved the Congressional Committee's request by passing the following resolutions:

"Be it resolved, That all endorsement either favoring or opposing candidates are to be determined by such local groups, and that it be the policy of the executive commit-



tee of American Action that public announcement of the names of candidates that American Action is favoring or opposing be made only after such public announcement has been recommended by the local groups; that such public announcement when so recommended shall be in conjunction with the national chairman or vice chairman of American Action."

Eliminating the two-dollar phrasing this meant that the organization still intended to function secretly and not disclose the Congressional districts where they were active except where the local group wanted to make the announcement. When the session ended Hayes informed reporters that American Action did not intend "to show its hand" by announcing the Congressional races in which it would be active. He said:

"The anti-American elements do not disclose their political strategy but would like to have us disclose ours for their benefit; that we will not do."

This single sentence contains two astonishing statements: one, that it intended to function as an underground and secretive body and two, that the Congressional Committee, which had asked for the information was an anti-American element.

Even in the heat of a Congressional campaign I question whether Capt. Hayes would accuse a Congressional Committee and a good section of the conservative American press of being "anti-American elements." The inescapable conclusion is that despite his promise as "executive director" to the Congressional Committee to supply that information the men behind the scenes really had the final say.

It was at this meeting that a move was made to counteract accusations that the organization was anti-Semitic. They elected a Jew to the executive committee so the organization could point to him to refute the anti-Semitic charge. Because of Harriss' closeness to Coughlin, Harriss did the nominating. The minutes of the meeting read:

"It was moved by Robert Harriss that Lou Kessler, a Jewish leader, of Seattle, Wash., veteran of World Wars I and II, be placed on the executive committee."

It is interesting to note that no other nominee to the execu-



tive committee had had his religion noted in the minutes of American Action.

## 6. THE MONEY BOYS SHELL OUT

THE "AMERICAN WAY OF LIFE" is not rigid and unchanging. It is a constantly varying and developing phenomenon. Just what constitutes a desirable American way of life depends much on from what side of the tracks you look at it.

To the big industrialist the American way of life he would like to preserve is *laissez faire* in business and labor relations. He does not want his employees so well organized in a trade union that they can compel him to pay a living wage under the threat of stopping the wheels in his plant by a strike. He wants no government laws to keep him from making agreements to fix prices or restrict production to keep prices high. This list of what he wants could be extended considerably.

To the worker the American way of life is the right to combine with fellow workers and compel the employer to pay a living wage or let him operate the machines himself, to elect legislators who will enact laws to prohibit industrialists from squeezing every dollar from the people by fixing prices or restricting production to keep prices high. This list, too, could be extended considerably. Hence, when a political movement sets out to "preserve the American way of life" the citizen cannot judge the sort of life it wants to preserve without knowing who put up the money for its political activities and whom they got to direct the work.

Let us first glance at those directing the work and then at those who put up the money to elect "good Americans" to Congress.

We have seen that dummy incorporators elected the original executive committee who then elected others. Most of these were "fronts" to give the organization the appearance of a national movement. As J. H. Gipson of Caldwell, Idaho wrote:

"I became a member of the Executive Council at the suggestion of Merwin K. Hart of the National Economic Council. . . .

"I have never attended a meeting of American Action. I allowed my name to be used as a member of the Executive







Board, because I was and am in sympathy with the expressed objectives of American Action, but I resigned recently as a member of the Board, because I felt that I could not give the time and attention to the organization which it deserved."

We have also seen that the treasury was handled by Hart and not W. Homer Hartz, the "treasurer." Hartz had a good name for a front, because industrialists knew him as an anti-union spokesman. And we have also seen that these saviors of America were so worried about the country's dangers that most of them did not even bother to attend executive committee meetings. And a number of those who were most active in attending executive committee meetings were making a fast buck out of the "patriotic" political movement.

This means that the boys who financed the Let's-Save-the-Country outfit hired some suitable patriots who got a collection of front names who would go along with the policy that would please the money boys.

As executive committee member J. E. McDonald wrote on April 3, 1947:

"It is my opinion that American Action is firmly established and will expand its activities in such manner as will bring results and be pleasing to those who give it their money and support."

A brief glance at the officers and directors of American Action will enable the reader to get an idea of the sort of "American way of life" this political movement wants to preserve. The officers for 1947 when plans were laid for the 1948 political campaign were:

EDWARD A. HAYES, executive director, 1204 Board of Trade Building, Chicago. He is a lawyer, a veteran of both world wars, and has been a power in the Legion since its formation. Hayes, as we have seen ignored a request for an explanation of how he happened to be elected National Commander of the Legion in the period when Wall Street bankers and brokers were engineering a plot to use the Legion to seize the government by force in a fascist coup.

ROBERT CHRISTENBERRY, vice-president, a veteran of World War I and a leading figure in the hotel business in New



J. E. McDONALD  
TEXAS COMMISSIONER OF AGRICULTURE  
AUSTIN 14, TEXAS

April 3, 1947

Mr. \_\_\_\_\_

Philadelphia 21, Pa.

My dear \_\_\_\_\_

Communism.

It is my opinion that American Action is firmly established and will expand its activities in such manner as will bring results and be pleasing to those who give it their money and support.

Sincerely, *J. E. McDonald*  
*com J. E. M.*

One of the other members of American Action's Executive Council assures prospective contributors to the "save the country" outfit that they'll get their money's worth.



York as vice-president of the Hotel Astor. This hotel is owned by the Lady Nancy Astor interests. Lady Astor's English estate Cliveden became notorious before the war as a hangout of Nazi appeasers who maneuvered the Munich pact.

NEVA BETHEL, secretary, of San Francisco. "A worker in patriotic organizations," as Hayes described her. She is a paid employee handling California activities on instructions from Chicago.

W. HOMER HARTZ, treasurer. Hartz is a Chicago industrialist who has been president of the notoriously reactionary Illinois Manufacturers Association and who was the official spokesman for the Chamber of Commerce of the United States in advocating anti-union measures before Congress.

The above persons are also directors. The other directors are:

ROBERT E. CONDON, 1880 Palmer Ave., Larchmont, N. Y. Condon is a member of the American Legion Executive Board and known as one of the Legion's "King Makers." He is a political contact man among Legion posts in New York and a delegate at large in the Legion. Hayes described him as "my advisor in organization work." American Action paid him \$2,000 for "professional services" during the 1946 Congressional campaigns and also gave him \$3,000 which was carried on the political movement's books as "expense." There is nothing to indicate what the expense was for.

MERWIN K. HART, 350 Fifth Ave., New York, N. Y. A notorious pro-fascist denounced for his fascist leanings by a U. S. Supreme Court Justice, Hart conceived the idea for American Action and was paid \$1,000 a month to build this movement.

ROBERT M. HARRISS, 60 Beaver St., New York, N. Y. A cotton broker known as the Reverend Charles E. Coughlin's right hand man in the East. Harriss suggested that Edward A. Hayes be got to run the organization and arranged the introductions.

LOU KESSLER, 600 Broadway, Seattle, Wash., a Jewish business man who was apparently invited to become a director when the political movement was trying to rid itself of anti-Semitic accusations. Kessler, bitterly anti-Communist, serves as a front to show that American Action is not anti-Semitic when the organization goes to Jews for support.

EDWARD D. GRAY of Bellport, L. I. A retired colonel in



the U. S. Army who worked out of Hart's offices propagandizing veterans at \$1,000 a month.

JAMES A. GIPSON of Caldwell, Idaho, a front for the organization to give it a "national" scope while Hart did the actual directing. Gipson never attended a single meeting of the executive committee.

WILLIAM R. CALLAHAN, 3043 N. Hackett Ave., Milwaukee, Wis., an insurance broker who incorporated the organization in Wisconsin. He found that the taint of pro-fascism seriously hampered the political movement in his area and ran ads in local papers to try to show that those behind the organization in Wisconsin were not fascists.

HAROLD N. MOORE, 475 20th St., Santa Monica, Calif., formerly an active America Firster and one of the original organizers of the movement in collaboration with Upton Close.

EARL HARDING, 31 W. 12th St., New York, N. Y., a personal friend and a director of Hart's National Economic Council, is the public relations man for Remington-Rand, notoriously anti-union firm.

RAYMOND KELLY, 18073 Fairfield Ave., Detroit, a former National Commander of the American Legion (1930-40), is a lawyer by profession and has an excellent reputation in his community. He was an unsuccessful candidate for Governor of Michigan in the 1946 primaries and was apparently drawn into American Action because of his Legion background and political influence in the state.

ROBERT E. WOOD, 926 S. Homan Ave., Chicago, best known for his leadership of the America First Committee when its pre-war propaganda hampered our defense preparations against the fascists.

MALCOLM McDERMOTT, Duke University, Durham, N. C., is a member of the advisory board of the Committee for Constitutional Government, branded by several members of Congress as America's leading fascist organization.

JAMES E. McDONALD, Austin, Texas, the State's Commissioner of Agriculture, is a violent anti-New Dealer and was an active America Firster.

It is quite apparent from this list of officers and directors that the "American way of life" this political body wants is not the kind of life organized workers would want. Since no political organization could hope to get support from countless veterans who are good union men if the movement were known



as primarily anti-union, the evident procedure was to conceal the men who really directed it and to use a cloak of patriotism when asking for support from veterans and non-veterans.

Capt. Hayes told of American Action objectives in his confidential letter of Sept. 16, 1946. He wrote:

"While it is not intended that participants in American Action shall be limited to veterans, you are entitled to know that the writer, a past National Commander of the largest veterans organization, has enlisted the active support and is receiving most valuable assistance from former leaders of various other veterans organization. These past associations make it relatively easy to obtain in each [Congressional] district selected, a nucleus of individuals known for their loyalty and devotion to American ideals and who, regardless of Party, can be expected to work for our objectives."

We may now consider the persons who are putting up the money for this political movement seeking support from veterans "regardless of Party." I give a few of the largest contributors listed in American Action's books as having put up the money to get the organization established:

Lammot du Pont, Wilmington, Del.....	\$10,000.00
Irenée du Pont, Wilmington, Del.....	8,000.00
Charles Payson, N. Y.....	4,000.00
John J. Rascob, N. Y.....	3,000.00
A. B. Freeman, New Orleans, La.....	5,000.00
H. R. Cullen, Houston, Tex.....	2,500.00
Mrs. H. R. Cullen, Houston, Tex.....	2,500.00
Lamar Fleming, Jr., Houston, Tex.....	2,500.00
R. R. McCormick, Chicago.....	1,000.00
P. Raymond O'Brien, Bailey's Harbor, Wis.....	4,000.00
William Folker, Kansas City, Mo.....	5,000.00
Robert E. Wood, Chicago.....	3,630.29
Mrs. Mary H. Wood, Lake Forest, Ill.....	1,495.59
William H. Regnery, Chicago.....	5,500.00
Francis S. Regnery, Hinsdale, Ill.....	1,750.00
A. R. Johnson, N. Y.....	4,000.00
E. T. Weir, N. Y.....	5,000.00
H. S. Richardson, N. Y.....	2,900.00



E. F. Hutton, N. Y.....	2,500.00
Alfred Sloan, N. Y.....	2,500.00
Robert M. Harriss, N. Y.....	1,500.00

Under the Hatch Act it is a criminal offense for anyone to contribute more than \$5,000 to a political party or movement. It will be noted that Lammot du Pont, Irenée du Pont and William H. Regnery each contributed more than the Hatch act permits. American Action contends "under a strict interpretation of the law" that at the time it received this money it was not engaged in "direct political activity." What it was doing with the money it received is not explained.

There is a fascinating angle in examining this list of contributors for nowhere did I find contributions of even \$100 from most of the officers and directors of this organization which wants to save the country from the Reds. It seems that they were perfectly willing to let the Du Ponts finance the saving. It seems also that though they were terribly worried about the danger the country faced they were willing to do almost anything to save their country except shell out \$100 for the good work.

There were a couple of exceptions:

W. Homer Hartz, the big industrialist "treasurer" gave \$100 to "save" his country.

Samuel B. Pettengill and John T. Flynn each gave \$100 to save their country.

These are the only three of all the officers and directors who thought enough of their country which they insisted was about to be gobbled up by the terrible Reds to give even \$100 to save it!

I have seen workers who earned \$40 a week, troubled by fascist threats to their country, dig into their pay envelopes and give \$5 or \$10—and sometimes more—of money they badly needed for food for themselves and their families. These were men and women who really felt the country was in danger.

## 7. SOME PECULIAR SWORN STATEMENTS

THE AIM OF AMERICAN ACTION, INC. originally announced was to counteract trade union influence in politics, especially the C.I.O.'s Political Action Committee. It was to support this



objective that the Du Ponts, Weir, Gen. Wood, Col. McCormick, Robert Harriss and others got behind the organization. It was not until some months after it was established that the strategy was altered to make the major concentration on swinging the huge veteran vote against pro-Roosevelt policy candidates.

American Action issues no printed propaganda. It prefers to work silently and secretively behind the scenes in those Congressional districts where it decides to enter.

From its very inception inquirers at the political movement's offices in Chicago met a broken-record repetition that the organization did not support any particular movement or person but simply opposed any movement or person displaying "communistic tendencies." Just what constituted "communistic tendencies" was not explained except that those opposed to the "American way of life" as the Du Ponts would like to have it, were *ipso facto* "Communists" or had "communistic tendencies."

While Hart and Close were directing it the organization planned to use propaganda but what was prepared was so hysterically nonsensical that Hayes repudiated it when he became the organization's director. This propaganda announced that American Action was out "To defeat in 1946 the C.I.O.-P.A.C. and Communist attempt to capture and control Congress . . . for if the Congress is lost, 'Freedom in America will be lost'." Without giving names, the pamphlet it prepared shrieked: "Already 187 Congressmen—31 short of a majority—have been voting largely as minority radical groups dictate."

This scare stuff naturally received considerable publicity. Any move to purge 187 Congressmen is news and when a presumably responsible body asserted 187 Congressmen were dominated by "minority radical groups" the assertion attracted considerable attention. Since American Action's basic aim was to fight Reds and "radical minority groups" the implication was that almost half the Congress in Washington were Uncle Joe's boys. It made the whole charge a little more than ridiculous.

Those who put up the money realized that such propaganda would do more harm than good and when Hayes took over the running of the political movement he repudiated these assertions in testimony before the House Committee Investigating



Campaign Expenditures. He assured the Committee that at his direction the prepared pamphlets were not publicly distributed and that he did not guarantee the accuracy of the statements they contained. Actually, he said, only about 40 Congressmen needed attention.

When Hayes testified on Oct. 15, 1946 he was asked:

“Q—Will you supply this committee with a list of those that you decide to support tomorrow, in your committee meeting?

“Hayes—Certainly, sir; unquestionably; without hesitation.”

At the executive committee meeting of the organization, held in Chicago on the following day, the minutes record:

“A report was given as to the activities of American Action in the States of Wisconsin, Illinois, Missouri, Oklahoma, Washington, California, Connecticut, New York, Massachusetts and New Jersey. After a thorough discussion a motion was made by Mr. Hart that a resolution be adopted that American Action be a political organization aiding and assisting various local groups in Congressional elections. . . .”

I do not know what this organization was doing before this resolution was introduced by Hart. It had collected a lot of money and Gen. Wood was writing confidential letters urging contributions for a “national political movement.” At any rate, in response to the Congressional Committee’s request for information, American Action waited until a few days before election day—just long enough so that the information would be of little value in the Congressional districts where it was active—before sending some of the information requested. On Oct. 30, 1946, Halfpenny wrote to the Committee as follows:

“In addition to opposition to Vito Marcantonio, New York, and Hugh de Lacey, Washington, we are opposed to Andrew J. Biemiller, Fifth Wisconsin, and Edmund V. Bobrowicz, Fourth Wisconsin.”

“Support is being extended to Bennett, Twelfth Michigan, George E. Schwabe, First Oklahoma, and Fred W. Busbey, Third Illinois and Tom Owens, Seventh Illinois.”



When this letter was written, American Action, with Hayes' knowledge and approval, had distributed money for direct political action in other Congressional districts than the ones listed above. It is obvious, then, that the political organization was trying hard to keep from public knowledge the identities of Congressional candidates they were supporting or opposing. Hayes himself wrote that they were active in about 24 Congressional districts.

On March 27, 1947, he wrote:

"American Action, during the campaign last fall, confined its activities to a limited number, (about two dozen) Congressional districts. The results obtained were more than gratifying. . . . Our future is assured, since many individuals of financial standing throughout the country have indicated their willingness to continue supporting us. We now have the beginning of a record of accomplishment, attested by letters from many of the Congressmen whom we helped to make members of the new Congress."

In two of these Congressional districts this organization concentrated the full fury of a "Red" attack on two liberal Congressmen noted for their support of Roosevelt policies. In one it was successful and in the other it failed. When Hugh de Lacey was running for re-election American Action unlimbered its heavy artillery and so flooded the area with allegations that de Lacey is a Communist that the confused electorate defeated him.

Only in the case of Vito Marcantonio did American Action admit defeat despite "considerable sums" spent by the organization. Robert Christenberry, vice-president of American Action, admitted he raised money to defeat Marcantonio, and here we come to an important phase of American Action's direct political activities.

Because individuals of great wealth, and corporations of even greater wealth, consistently and secretly spent huge sums to elect candidates they wanted in Congress, this literal buying of public offices became a public scandal. A people aroused by such recurrent scandals demanded and the Congress passed the Corrupt Practices Act and the Hatch Act. These federal laws provide that every contribution of \$100 or more to a Congressional campaign be reported to the Clerk of the House





## AMERICAN ACTION INC.

TO DEFEND OUR COUNTRY AGAINST ITS ENEMIES AT HOME

Board of Trade Building, Chicago 4, Illinois

March 27, 1947

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Philadelphia, Pennsylvania

Dear \_\_\_\_\_

ing of your continued support.

American Action, during the campaign last fall, confined its activities to a limited number, (about two dozen), Congressional districts. The results obtained were more than gratifying. In the course of the campaign we made our reports, as required by law, and the writer was called to testify before, and subjected to cross-examination by the proper Congressional Committee. Our work, as Mr. Hartz has told you, is definitely political. Our future is assured, since many individuals of financial standing throughout the country have indicated their willingness to continue supporting us. We now have the beginning of a record of accomplishment, attested by letters from many of the Congressmen whom we helped to make members of the new Congress.

Sincerely yours,

*[Handwritten signature]*

One of the members of American Action's Executive Committee asserts that the political movement works "quietly."



of Representatives in a sworn statement so the people would know who paid for the election campaigns. The laws further provide that no individual may contribute more than \$5,000 to a candidate's campaign or to a political body taking part in a federal election. There are other provisions but for our purposes it is important to record only one more: that expenditures in a political campaign of \$10 or more must be listed and reported so the people would know who got the money spent in a campaign and what they did for it.

As a result of these laws every Congressional candidate files a return with the Clerk of the House. An examination of some of these returns show funnier statements than some of the speeches made on the floor. For instance: the one Congressional district where American Action tried hard but was defeated was Marcantonio's 18th New York. The candidate opposing Marcantonio was Frederick V. P. Bryan.

Bryan's sworn receipts and expenditures statement filed with the Clerk of the House states that the only contribution to his campaign funds was \$1,000 which he got on Sept. 26, 1946, from the National Republican Congressional Committee in Washington, D. C. As to how much of this money and how it was spent the Bryan statement contains a single typed: "None." In other words Bryan and his campaign headquarters got \$1,000 and did not spend one penny of it!

Don't ask me who paid the rent for the campaign headquarters, the office staff, the telephone, telegrams, printed campaign material and all the other items incident to a campaign. Ask the Department of Justice which is supposed to investigate returns which seem fraudulent.

One of the ways in which money is spent for a candidate is to organize one or more committees to help him, like a "Committee to elect Joe Doakes for Congress." This committee received and spends contributions for its favored candidate. This is perfectly legal but any and all committees which take part in a Congressional campaign must file a report with the Clerk of the House.

In his testimony on October 15, 1946, before the House Committee Investigating Campaign Expenditures Hayes stated that among the targets for defeat selected by American Action, was Marcantonio. In his letter of October 30, 1946, American Action's attorney, Harold T. Halfpenny, informed the Congressional committee that the political organization was active



in an effort to defeat Marcantonio. In a statement to the press Robert Christenberry, vice-president of American Action, stated that the organization had spent considerable sums to defeat Marcantonio. The sworn financial statement by American Action on file with the Clerk of the House records a sum of money sent to Christenberry by the organization for use in a "New York State Congressional campaign."

Section 302 (c) of the Federal Corrupt Practices Act states:

"The term 'political committee' includes any committee, association, or organization which accepts contributions or makes expenditures for the purpose of influencing or attempting to influence the election of candidates or presidential and vice-presidential electors (1) in two or more states, or (2) whether or not in more than one State if such committee, association, or organization (other than a duly organized State or local committee of a political party) is a branch or subsidiary of a national committee, association, or organization."

In the specific campaign we are considering American Action did not contribute one dollar to Bryan's campaign, according to Bryan's sworn statement. A careful search of his file by the staff of the Clerk of the House and myself failed to disclose any record of any campaign receipts or expenditures by American Action in the 18th New York Congressional district, either as a political body under its own name or any other political body, organization, association or committee which participated in this campaign.

This is not an isolated instance. The Clerk of the House has on file sworn statements by American Action officials that it contributed funds for direct political activity in Congressional districts in specific states. In no state into which American Action sent money is the Congressional district given, in whose behalf the money was spent, or how it was spent.

Let me list specific instances:

On September 4, Neva Bethel was sent \$750 for use in California Congressional elections.

On September 5, 23, and on October 2 and 4, John L. Kilian was given a total of \$1600 for use in Illinois Congressional elections.



On September 5, Stephen Chadwick of Seattle got \$2500 for use in a Northwest Congressional election.

On September 13 and October 2, Henry Greune of Chicago was given \$300 for use in an Illinois Congressional election.

On September 14, William R. Callahan was given \$1250 for use in Wisconsin Congressional campaigns.

On September 18, Leo S. McDonald of Chicago was given \$550 for use in Illinois Congressional campaigns.

On September 19, J. A. Porter of Tulsa, Oklahoma, was given \$1500 for use in an Oklahoma Congressional campaign.

On September 25, Rodney Fairfield of St. Louis got \$1,000 for use in a Missouri Congressional campaign.

On October 2, James E. Tripp of Chicago was given \$350 for use in an Illinois Congressional election.

On October 24, Raymond Kelly was given \$500 for use in Michigan Congressional districts.

On October 28, Robert K. Christenberry was given \$290 for use in New York State Congressional elections.

The Clerk of the House has no reports on how this money was spent or what candidates were backed.

## 8. STRANGE EXPENDITURES

THE MAN WHO PAYS THE FIDDLER calls the tune. This applies to American Action as neatly as to a barn dance. The list of some of the men who put up the money to establish this privately owned, underground political movement pretty much indicates its real objectives no matter what noble sentiments its spokesmen utter for public consumption.

In its sworn statement to the Clerk of the House, American Action quotes from an audit of its books to the effect that it spent some \$80,000 in its early activities (in the period it was being established and before it took part "in direct political activities"). It contends that since it was not active directly in Congressional campaigns at the time these \$80,000 were spent, it is not required to report the detailed receipts and expenditures. When an organization sets out as a political movement, announces itself as a political movement, and appeals for money as a political movement it seems reasonable to assume it is a political movement.



J. E. McDONALD  
TEXAS COMMISSIONER OF AGRICULTURE  
AUSTIN 14, TEXAS

April 3, 1947

Mr. [REDACTED]  
Philadelphia 21, Pa.

My dear [REDACTED]

Action. He is fully worthy of the position he holds.  
It is very evident that in last year's elections  
American Action rendered a constructive service in  
a quiet yet effective manner.

Sincerely,

*J. E. McDonald*  
*cc: [REDACTED]*

The "save the country" outfit's future is assured by the money boys who like the way it operates and because its secretive activities helped elect a number of Congressmen.



But an examination of its report for the 1946 elections in which the organization successfully sent eight Congressmen to Washington and helped send fourteen others shows who is paying the fiddler. Those paying the fiddler are also among those who put the money up to get this political movement established. A further examination of its 1947 reports shows who is interested in keeping this privately owned movement functioning.

As J. E. McDonald, one of the directors, wrote on April 3, 1947:

"It is very evident that in last year's election American Action rendered a constructive service in a quiet yet effective manner."

The quietness is apparent in the communications its leaders sent out carefully marked "Confidential" and its refusal to make public facts about its political and financial activities. We have seen the "confidential" letter Gen. Wood wrote asking for contributions for the "national political movement." On Aug. 28, 1946, Edward D. Gray, who was getting \$1,000 a month as a director of American Action working out of Hart's office, wrote:

"American Action under the leadership of Capt. Edward A. Hayes of Chicago, naval veteran of both world wars and past National Commander of the American Legion, is organizing in selected districts in half a dozen states and is adding additional districts as sufficient funds are received to do a thorough job therein.

"Since it is always more satisfactory to receive information of this nature from some one you know, I am going to ask if you will call Robert M. Harriss of Harriss & Voss, Bob Christenberry of the Hotel Astor Corporation, or Sam Weldon of the First National Bank, for further details."

Harriss and Christenberry have already been identified. Samuel A. Weldon is a banker, chairman of the Board and director of the First National Bank of the City of New York and trustee and executive committee member of other banks and corporations.

The Federal laws' requirements that all receipts of \$100 or more and expenditures of \$10 or more be reported, have been



noted. On October 26 and 31, 1946, Harold T. Halfpenny, attorney for American Action, filed two reports with the Clerk of the House. These were attested to under oath by W. Homer Hartz, its "treasurer." The period covered in the first statement is from September 1 to October 15 and in the second from October 15 to October 31, 1946. A third report filed on January 1, 1947, covered the rest of the year 1946.

In these statements Halfpenny and Hartz asserted that for the year 1946 the organization received contributions of \$100,744.13 and spent \$125,364.45. There is no indication in these reports or in those for 1947 who made up the \$25,000 deficit. This deficit does not appear in the 1947 reports to the Clerk of the House.

The purpose of the Federal laws is to make known the identities of those who finance political campaigns. If individuals who make up deficits at the end of a campaign are not disclosed there is nothing to prevent a political movement from collecting \$100,000 which it reports and actually spending a million dollars to elect the candidates they want in Washington. The \$900,000 is listed as a "deficit" and who covered it is not revealed. This procedure nullifies the whole purpose of the Federal acts.

This patriotic political movement, apparently determined to raise all possible barriers which they could claim under their own "strict interpretation of the law" to keep from revealing the identities of those who put up the money, contended that it had not engaged in "direct political activities" at the time the \$80,000 was spent. There are probably two reasons for this contention: one, if they admitted to having engaged in direct political activity than the Du Ponts had very definitely violated the Hatch Act, and two, most of the contributors did not want their names revealed.

Halfpenny wrote to the Clerk of the House when he sent in American Action's financial report:

"This report is submitted on the basis of the fact that as of September 1 new officers took over the operation of the corporation and commenced direct political activity as defined in the above mentioned act. Under strict legal interpretation, information prior to this date is not required."

No one challenged this "strict legal interpretation." If per-



mitted to stand it is obvious that there is nothing to prevent a group of wealthy and powerful industrialists who wish to elect certain Congressmen from secretly setting aside a fund of a million dollars. This sum is then spent in preparation for the campaign or for other purposes concealed from the public. A month or two before the actual elections, a new set of officers is elected to "direct political activity." These new officers then make public only the sums collected and spent in the last few week of the campaign. This avoids making public those who financially backed the establishment of the political movement.

In its final report for the balance of the year Halfpenny again wrote:

"In addition, pursuant to our letter of October 25th in which we stated that, although by strict legal interpretation, information prior to September 1st was not required, we are filing herewith auditor's statement for the period of time from January 1, 1946 through September 30, 1946."

This auditor's report shows that between January 1 and September 30, 1946 American Action received a total of \$80,044.64 in contributions and disbursed \$89,364.75.

In a preceding chapter I listed some of the more outstanding contributors to this \$80,000—about one fourth of which was met by a couple of Du Ponts.

In a meticulous search of statements filed by American Action with the Clerk of the House I was unable to find a single contribution from one labor leader, one worker, one small business man or even from the majority of the organization's own officers and directors. It is thus amply clear that American Action is a private political movement financed by a few wealthy industrialists, bankers and brokers who hire people to concentrate on appealing to the enormous veteran vote on a patriotic basis and use these votes to elect anti-union Congressmen.

Some of the officers and directors are paid employees. Some directors never even attended one meeting of this movement's executive committee in spite of their overpowering desire to save the country. Most directors were obvious fronts while real control was placed by the money boys in the hands of a notorious pro-fascist to persuade veterans to dance to an anti-union tune.



Though Hart, Condon, Gray, and Bethel were on the organization's payroll, the case of John L. Killian who was very active in the 1946 elections is a little different. It sheds additional light on the way American Action works. Killian is not officially a director but he sat in on most secret conferences. From September on he fluttered all over the country on political business. On various dates he drew sums ranging from a few dollars to almost \$500 for travel, but nowhere with the Clerk of the House is there a record that he was paid for his work in the Congressional campaigns. Actually, he was hired by American Action at \$15,000 a year. Now, somebody is paying that \$15,000 a year. Congressional candidates report as political campaign expenditures salaries to employees on their payroll at campaign headquarters. Joe Doakes committees working for a candidate's election report wages paid to employees. Halfpenny, American Action's attorney, and girls working in the organization's office, are paid and the sums reported. But Killian's salary has not been reported.

The law requires that all expenditures of \$10 and over be reported. Robert E. Condon was given \$3,000 on September 4, 1946 and the sum marked "expense." What kind of expense is not indicated. On November 8, 1946 after the elections were over Condon got \$2,000 for "professional services," the services not being specified. Since Condon is known as a political contact man for Legion posts in New York this may interest members of the Legion. It would be revealing to know just what services Condon rendered this privately owned political movement in return for the \$2,000.

On September 25, 1946, Rodney Fairfield of St. Louis, Mo., was given \$1,000 for a "Missouri Congressional campaign." Fairfield says the money was sent to him for "investigation of contacts in Missouri"—which is quite a bit different. According to Fairfield, Hayes had asked him to make some inquiries about contacts and agreed to pay the expenses incurred in the investigation. On returning to Chicago Hayes sent Fairfield the \$1,000 check.

None of the money, said Fairfield, went for political work. Some was spent on travel, telephone calls and a few dinners for people and the balance returned. American Action's books show he returned \$403.85.

It is clear that if the money was spent in political campaign activity the details should have been reported to the Clerk



of the House. If it were not spent in political activity then the sworn statement American Action turned in was not quite accurate.

In the past, the few with vast wealth behind them consistently tried all sorts of maneuvers to elect candidates they wanted in office. Such efforts ranged from buying votes and/or stealing votes, to establishing and financing front organizations to confuse the electorate.

The most popular propaganda for a number of years has been to call candidates the wealthy industrialists did not want elected "Bolsheviks," "Reds," "Communists," "fellow travelers" and "Un-American." Since the American is at heart proud of his country and believes its political and economic system the best in the world, he naturally turns from candidates labeled "Un-American." The candidate approved by the money boys is thus elected, as happened in 1946 after a well conceived and well executed propaganda campaign against Roosevelt-policy men in Congress who were denounced as "Reds" or "followers of the Communist line." As soon as a majority anti-union Congress was elected the members did not even wait to take off their hats before the drive to weaken and break the trade unions was launched, with the Taft-Hartley act as the first step.

The issues both national and international are too momentous for the people not to know that a privately owned and financed "political movement" is using patriotic cries to influence them. Of equal importance is the phenomenon we now have of a secretive, underground movement conceived and established by a notorious pro-fascist, which does not issue propaganda but works quietly and secretively through carefully selected individuals to influence elections.

I have found in the past that the issue is not Communism but the trade unions. Unions have been seriously weakened before by phony "Red" issues. In two once great countries the cries of "Save the country from the Communists" enabled scheming men to establish fascism.

American Action is a dangerous body. The people and especially the veterans, must be made aware of what it is, who is running it and who is putting up the money for its activities. Only by that knowledge can the people protect themselves from falling for its "patriotic" pleas in its union-busting—if not more sinister—plans.



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